Briefly Speaking

AAA

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Crop Control By Farmers Difficult But Urgent.

Our only hope of a sound farm program that endures is by having its basic principles understood by the people. The farm leaders of the country and the farm organizations, too, were molded during the struggle over the McNary-Haugen bill and the proposals which paralleled and followed it. Controversy is a great educator. Only let us be certain, or as certain as we can be, that we do not take the wrong turn after the argument about direction is over.

The struggle that confronts farmers is likely to be one over a control program. The groups which fought a farm program 10 years ago have finally agreed there should be a farm program. Now they say they want the program they once opposed. They have finally reached the point that Secretary Wallace, M. L. Wilson, and others reached 10 or 15 years ago.

All of you will remember the Farm Board. The Board tried to peg the price of wheat and cotton by loans above the market price. It was an experiment in price fixing which ended because the Board lacked authority to control marketings or production. The Board found itself in a leaky boat, and it had nothing to bail out the water. The Farm Board knew what was wrong. As you will remember, the original proposal to plow up cotton came from the Farm Board. The Board chairman was Alexander Legge, an honest and capable man, who had made a fortune in the farm implement business. Before he quit his post he went about the country advising the farmer to plant less, to grow less. He did so in strong language and the farmers agreed with him; but farmers acting as individuals were powerless to control production.

The A. A. A. farm programs have proved that control programs are difficult. At the same time, they have proved that farmers could and would cooperate in national farm programs. The A. A. A. farm programs have made contributions more significant than the increase in farm income. They have shown that such a thing as economic democracy is possible. They have shown that it is possible to acquaint great numbers of persons with basic economic facts, and that if the facts are known the verdict of the people is likely to be sound.—*R. M. Evans, A. A. A. Administrator, at Louisiana Farm Bureau Meeting, Monroe, Nov. 1938.*

The Federal Surplus Commodities Corporation has been authorized to purchase up to 50,000 bales of raw cotton and up to 14,000,000 yards of cotton fabric to be donated to welfare administrations in various states for making mattresses and comforters for distribution to relief families, the Agricultural Adjustment Administration announced. The total cost of the purchases under this program is limited to $3,500,000.—*A. A. A. press release 382–39.*

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85 Cents For Wheat Assured.

If there were no program the price of wheat to Kansas farmers today would be 40 cents a bushel or less. The noncooperating farmer is getting around 50 cents a bushel and the cooperating farmer who takes out a loan is sure of 72 cents a bushel. Next year the cooperating farmer is sure of at least 85 cents a bushel for his normal production from his allotted acres. If Kansas farmers had sold their 1938 wheat crop on the basis of present Liverpool prices without any program they would have gotten about $60,000,000. With the program, with Kansas wheat prices as they are today, they will get nearly $90,000,000.

Because of the fact that Congress was late in passing the 1938 farm bill, the program including the loan program, has functioned only partially with wheat this year. It will function better next year. It is a good program. It has helped Kansas farmers on the basis of present prices by adding $30,000,000 or 50 percent, to their income.—*Secretary Wallace at Hutchinson, Kans., September 29, 1938.*

For the fiscal year 1938–39, $23,750,000 will be available for tenant purchase loans under the Bankhead-Jones Farm Tenant Act as compared with $9,200,000 in 1937–38.—*1939 Agricultural Outlook.*

Exports of United States farm products were up 22 percent during 1937–38 from their 1936–37 value. Competitive farm imports dropped 32 percent.—*Agricultural Situation, September 1938.*

Electricity is now used on 18 percent of all farms as compared with 13 percent in 1930.—*1939 Agricultural Outlook.*

Compiled by the Division of Information, Agricultural Adjustment Administration, United States Department of Agriculture, from official and unoficial sources for the information of committeemen or others cooperating in the administration of the A. A. A. programs.

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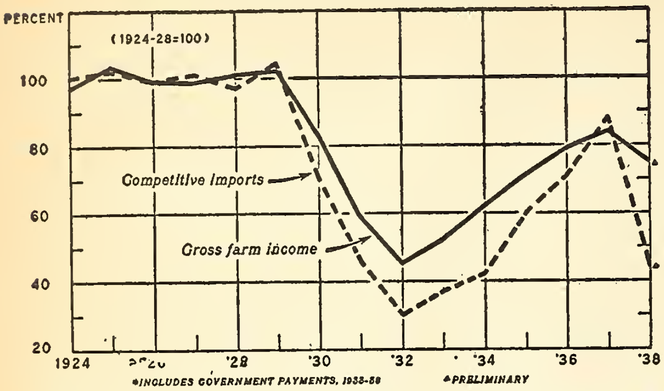
FARM INCOME* AND IMPORTS GO UP AND DOWN TOGETHER



Compiled by Division of Information, A. A. A., from B. A. E. figures.

Farmers and the British Trade Pact.

The (United States-British) Trade Agreement provides for the reduction or abolition of United Kingdom duties on a number of important American agricultural products, and in many other cases it assures the continuation of relatively low import duties applicable on American goods. Moreover, the Agreement secures more favorable terms of entry for a number of American agricultural products in Newfoundland and in the British colonies.

The two leading grains exported from the United States to the United Kingdom are wheat and rice. Under the Agreement, the United Kingdom eliminates the duty on our wheat, thus placing it on equal terms with wheat from Empire countries, such as Canada and Australia. In the case of rice, the United Kingdom import duty has been reduced about one-third. Yellow corn from the United States is also assured free entry into the British market.

A very important concession for Corn Belt farmers is the elimination of the United Kingdom duty on lard. Recently over half of our exports of lard have gone to the United Kingdom and the Agreement should result in increased exports. Livestock producers in the United States will also benefit from a substantial increase in the quota on American hams permitted entry into the British market.

The United States obtained important concessions on American fruits. Among these are the elimination of the import duty on canned grapefruit and on certain citrus-fruit juices, a reduction of about one-third in the duties on apples and pears on a seasonal basis, and a reduction in duties on several canned and dried fruits.

In the case of tobacco, our second most important agricultural export to the United Kingdom, we received a guarantee that the preferential duty on Empire tobacco will not be increased and that the United Kingdom will consider a reduction in the preference when the law guaranteeing the existing margin expires in 1942.

Cotton, our most valuable export to the United Kingdom, will be free of duty during the life of the Agreement.—*D. F. Christy, B. A. E., before A. A. A. Educational Committees, Chicago, Nov. 23, 1938.*

South's Corn Not Harmful to Corn Belt.

The farm program contains definite provisions which prevent the South from increasing commercial corn production in competition with the Corn Belt. Large acreages of home food and feed crops are needed to improve living standards in the South. But deductions are made from agricultural conservation payments if the acreage of these crops is increased above the amounts needed for home consumption. Southern farmers ordinarily extend their corn acreage when cotton prices are low. In 1938 corn acreage in the 12 cotton States of the South was 900,000 acres below that of 1933, before the Agricultural Adjustment Act was passed. A 13,000,000 acre reduction in cotton accompanied this lower corn acreage. The average acre of cotton produces about 320 pounds of cotton seed, which is equivalent to about 5.7 bushels of corn in livestock feed values. The average yield of corn in the South is 15.3 bushels per acre. For every 3 acres taken out of cotton, about 1 acre of corn would have to be planted to provide the same amount of feed for livestock. An acre of cotton produces about 34 pounds of cottonseed oil sold in direct competition with lard and butter from the Corn Belt, while an acre of corn produces only about 20 pounds of lard.—*A. A. A. Questions and Answers, North Central Division, Mimeographed.*

Farm Income Rise More Than Imports.

Imports of corn and wheat, the commodities most affected by the drought, have practically ceased since the 1937 harvest and in recent months have been exported in great quantities. Farm imports of 1937 in terms of total value were exceeded in 7 out of the 12 years prior to 1933.

The total value of competitive farm imports in 1937 was only $867,000,000, as compared with a total value of over $1,000,000,000 in 1929, in 1925, and in 1923, and almost $1,000,000,000 in 1928, in 1927, in 1926, and in 1924.

The farmers' export market is being regained after falling in 1932 to the lowest level in 42 years. The value of farm exports in 1937–38 had increased $300,000,000 or 50 percent above their value in 1932–33.

Corn exports in the 12 months prior to last July 1 were the largest in 15 years.

While it is true that farm imports in 1937 were $572,000,000 greater than in 1932, farm cash income in 1937 was $4,000,000,000 greater than in 1932.—*A. A. A. press release, 503–39.*

The dairy farmer can look for no lasting benefits from cheap grain prices. He shares the fortunes and misfortunes of the grain producer. When producers of corn, wheat, and cotton encounter such low prices that they find it unprofitable to continue the production of these products, they readily turn to dairying and increase the competition in the dairy field. An improvement in the position of the corn, wheat, and cotton producer is reflected in the dairy industry. Such improvement staves off the competition for the dairyman. That is not the least of the benefits that dairymen have derived from the A. A. A. programs.

A. A. A. Programs Help Dairy Industry.

In addition to these helps to the dairy industry, there have been aids that are more direct. The A. A. A. programs encourage the extension of grass and forage. Operating costs have been reduced for dairymen by the use of more grass and roughage and less grain in the production of milk.

Dairy producers have shared in the benefits derived from the A. A. A. disease-eradication program, which removed from herds more than 2,200,000 cattle, mostly milk cows, infected with tuberculosis, Bang's disease, or mastitis. Healthy herds mean not only a safer milk supply but more efficient milk production.

The drought cattle purchase programs help dairymen as well as other cattlemen in meeting the serious drought problem.

Besides helping the dairyman produce more efficiently, the A. A. A. programs have helped him get better prices. Federal licenses, agreements, and orders in effect in 24 fluid milk sheds provide more orderly marketing and enable milk producers to get better prices.

Dairy products have been a leading item among commodities bought since the beginning of the A. A. A. surplus-removal purchase programs. On June 30, 1938, more than $45,000,000 had been expended in removing surplus dairy products from regular channels of trade. These purchases made for relief strengthened weak markets at times of unusually large surpluses and improved prices to farmers. The Agricultural Adjustment Administration, through export benefit payments averaging less than 3 cents a pound, encouraged the use of and provided a market for over 500,000 pounds of American butter in the Panama Canal Zone in 1938—*A. A. A. Statement.*

As indicated in the cattle outlook report of a year ago, the number of cattle on farms January 1, 1938, probably was the low point in the present cattle number cycle. Barring the recurrence of a series of drought years such as prevailed from 1934 to 1937, it seems fairly certain that cattle numbers will tend to expand for some years. The rate and extent of this expansion cannot be predicted at this time, but it appears unlikely that cattle numbers will reach as high a peak in the present cycle as was reached in 1934 at the peak of the last cycle. Cattle prices during the next few years are not likely to be so high as to encourage a rapid increase in numbers nor so low as to discourage or prevent marketings in reasonable relation to the numbers in the country.

Increase Is Indicated in Meat Supply.

The probable increase in cattle numbers during the next few years will be brought about largely by withholding cattle and calves from slaughter, and this will result in a decrease in cattle slaughter from the level of the past few years. But since hog slaughter is expected to expand rather sharply, total meat supplies doubtless will be considerably larger than the average of the past 4 years. This increase in total meats may result in a downward trend of cattle prices during the next few years even though cattle slaughter is reduced unless there is an offsetting improvement in consumer demand.—*Beef Cattle Situation, November 19, 1938.*

If through their purchases of industrial products, farmers can cause employment for more city workers, then consumers can well afford to pay higher prices for food. In fact the experience of the depression would indicate that consumers cannot afford a situation in which food is cheap. In 1932 when farm income was only $4,333,000,000, city workers' incomes were so low that food costs amounted to 21.6 percent of the total income of the American people. In 1937 when farmers received more than $8,500,000,000 for their products, national income had increased to a point where food costs were down to 19.6 percent of total income.

Cheap Food Does Not Always Aid Consumers.

In other words, from 1932 to 1937, the farmers nearly doubled their income and at the same time the burden of food costs on the American people was lessened. While farmers' income was increasing, the income of consumers was increasing, too. Cheap food in 1932 was actually a heavier drain on consumers' pocketbooks on the average than the higher 1937 prices.—*H. L. Brown, Assistant Secretary Agriculture, Dec. 3, 1938.*

A program designed to improve marketing practices and to demonstrate to foreign spinners the high quality of American cotton being produced in one-variety communities, was announced by the Agricultural Adjustment Administration. Under the program a total of not more than 20,000 bales of cotton will be selected from one-variety communities and carefully ginned and baled. It will be sold to foreign spinners in lots assembled from the same one-variety area.—*A. A. A. Press Release, 338–39.*

Total farm-mortgage debt decreased about $173,000,000, or more than 2 percent during 1937.—*1939 Agricultural Outlook.*

A. A. A. PROGRAMS HAVE GIVEN GROWERS NEAR PARITY ON U. S. CONSUMED COTTON

Item	1933–34	1934–35	1935–36	1936–37	1937–38	1938–39 [1]	6-year average
Domestically consumed cotton ....1,000 bales..	5,553	5,241	6,221	7,768	5,615	5,615	6,002
Cotton payments [2] $1,000,000..	179.7	115.2	160.2	82.0	63.7	[3] 266.0	145.4
Payments divided by domestically consumed cotton......cents per pound..	6.5	4.4	5.2	2.1	2.3	9.5	[4] 4.8
Actual price cents per pound..	10.2	12.4	11.1	12.3	8.4	8.4	10.5
Total: Actual price plus price equivalent from payments....cents per pound..	16.7	16.8	16.3	14.4	10.7	17.9	15.3
Parity price [5] cents per pound..	15.5	16.2	15.7	16.6	16.2	16.2	16.1
Difference in parity and total price equivalent cents per pound..	+1.2	+0.6	+0.6	−2.2	−5.5	+1.7	−0.8

[1] Assuming domestic consumption, actual and parity price to equal tbat of 1937–38.
[2] 1933–35 payments as of Dec. 31, 1937; 1936 and 1937 payments estimated September 1938, subject to revision.
[3] Includes 1937 cotton price adjustment payments of $127,000,000 and $144,600,000 A. C. P. payments, less administrative expenses.
[4] Weighted average.
[5] Based on index of prices paid by farmers, crop year basis, including interest and taxes. *A. A. A. Data, Southern Region.*

A. A. A. Loans Made on 14 Commodities.

To execute the (A. A. A. commodity) loan programs, the Commodity Credit Corporation was created in 1933. The Corporation has an authorized and paid-in capital of $100,000,000. The Corporation is empowered to have total outstanding obligations up to $500,000,000.

To date the Corporation has made loans on 14 commodities: Cotton, corn, gum turpentine and gum rosin, wool and mohair, wheat, peanuts, tobacco, raisins, dates, figs, prunes, and butter. Through August 31, 1938, these loans totaled $783,781,093.80, repayments and notes charged off totaled $500,388,141.98, leaving $283,392,951.82 outstanding.

Approximately 95 percent of the money loaned between 1933 and August 31, 1938 was on cotton and corn.—*J. W. Tapp, A. A. A. Assistant Administrator, in The Agricultural Situation, Vol. 22, No. 10.*

Wheat farmers know that the present price of wheat is not the fault of the present farm program because the new Farm Act did not become a law until long after all the winter wheat was planted.

First Wheat Test Under '38 Farm Act.

The 1939 program will offer opportunity for the first complete test of the A. A. A. program under the Agricultural Adjustment Act of 1938. Wheat farmers have the opportunity to use the provisions of this act for the first time. In 1938, cotton producers, corn producers, and tobacco producers demonstrated they could cooperate on a national scale under the provisions of this act to adjust their operations to the national and interr ational situations. They were remarkably successful in holding their acreage in line with the goals established. Wheat producers now have the same opportunity and I am confident they too will be successful. Wheat producers next year, however, will have a problem similar to the problem faced by cotton producers this year. Cotton producers are still suffering from the effects of the 7 million bale surplus produced in 1937. The cumulative effects of big crops in piling up surpluses cannot be eliminated all at once. Wheat producers have had two years of big yields, two years of record acreages, and two years without a wheat adjustment program.—*Harry L. Brown, Assistant Secretary Agriculture, at The Dalles, Oreg., Dec. 3, 1938.*

Income Gain $6.60 For $1 Debt Increase.

Between 1921 and 1927, a period of 6 years, the private and government long-term debt increased from $81,000,000,000 to $111,000,000,000. This net increase of $30,000,000,000 of debt was chiefly private debt, since the reductions in the Federal debt were being offset by increases in State and local government debts. During that interval, the accumulated rise in the national income was $118,000,000,000 and without necessarily arguing that we are dealing with cause and effect, it may be pointed out that the accumulations in national income amounted to $4 for every dollar of debt increase.

Similarly, between 1932 and 1938 private and long-term government debts increased from $122,500,000,000 to $137,500,000,000 or a net increase of $15,000,000,000. During this period, State and local government debts remained practically unchanged. The Federal debt increased by about $23,000,000,000 and the private long-term debts were reduced by about $8,000,000,000. During this period the accumulated increase in national income amounted to about $101,000,000,000 or $6.60 of income increase for every $1 of net debt increases.—*L. H. Bean, A. A. A. Economic Adviser, before National Rural Forum of the American Country Life Association, Lexington, Ky., November 3, 1938.*

More Food Needed for Low Income Families.

Surveys show that the great opportunity in expanding the market for farm products lies in the lower income groups—those families receiving less than $1,500 per year. Families with incomes of more than $3,000 per year would increase their food purchases by only about $3 with an additional $100 income. But with the families receiving less than $1,500 it's another story.

It has been found that families in this income bracket would probably spend between $20 and $40 for food out of an additional income of $100. This possible increase in food expenditures in the low income group is highly important to farmers because about 65 percent of the families in the United States fall in this group. Consequently, the farmers' concern over raising the incomes of this group should possibly be quite as great as it is in a balanced production program.—*A. A. A. Pamphlet, North Central Region, Preliminary 39–2.*

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